Integrated solutions for a clean environment

Press release
Regulated Information

5 September 2018 – 6:00pm CET

Half-year results H1 2018

Positive results from transformation plan and marked increase in order taking

Highlights:

- ✓ Excellent level of bookings received during first half of 2018. These amounted to EUR 203 million, up 65% compared to the same period last year.

- ✓ Taking only post restructuring activities into consideration, REBITDA reached EUR 1.5 million, compared with EUR -9.1 million at the end of June 2017. This marked increase is the result of restructuring and cost-saving efforts that have resulted in divestment from loss-making activities, an emphasis on higher-margin projects and a significant reduction in overheads.

(in EUR million)	Activities post restructuring	Discontinued operations and restructuring costs	Total
Bookings	203,4	0	203,4
Revenue	165,3	2,4	167,6
REBITDA	1,5	-2	-0,5

- ✓ After the negative impact of all costs associated to the restructuring plan, the first half of the year saw a net result of EUR -18 million.

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Transformation and cost-saving plan

All of the announced transformation actions have been implemented. Our industrial activities in South Africa and Brazil have been definitively discontinued.

Furthermore, discussions with a purchaser for the sale of the *Process Heat Exchanger* (PHE) division are in the final phase of negotiations, which should be concluded before the end of the year. The expected impact of this divestment was provided for in the result for the first half of the year.

The Group continues to implement measures to reduce structural costs, to rationalize and to optimize the supply chain process to be less sensitive to market fluctuations.

Commercial activity

Despite difficult market conditions in Asia and the United States, the Group has achieved an excellent volume of bookings during the first half of the year. This is the result of a strategy aimed, on the one hand, at smaller scale projects, with a particular emphasis on higher value-added after-sales service, and, on the other hand, on efforts undertaken to achieve greater diversification in end-user markets.

REBITDA

REBITDA for the first half of the year was EUR -0.5 million (compared to EUR -9.1 million for the same period in 2017). This amount includes EUR 2 million in losses relating to discontinued activities, mainly in Brazil and South Africa.

Margins also improved thanks to better contract execution. The Group did not suffer any significant declines in margin over the course of the first half of the year, as was the case in 2017.

Net result from discontinued operations

Following the decision to sell the PHE division, the losses from this division (excluding intra-Group results) were recognized under discontinued operations. The EUR -7.4 million loss recognized for the first half of the year includes both the loss from the PHE division as well as the adjustment of its expected selling price, based on current negotiations.

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Net result

The Group's net result was impacted by the positive result generated by the Group's post-restructuring activities (EUR 1.5 million), and negatively influenced by costs of restructuring (EUR -4.7 million) as well as the result related to PHE (EUR -7.4 million).

Taking these elements into account, the Group ended the first half of the year with a loss of EUR -18 million compared to EUR -11.8 million for H1 2017. It should be remembered that the result for 2017 included a non-recurring positive result of EUR 23.5 million from the sale of assets (mainly the stake in Thermal Transfer Corporation).

Balance Sheet

The balance sheet has been significantly strengthened by a reduction in debt of EUR 87 million recorded in December 2017, as a result of the restructuring of the bank debt, and by a capital increase of EUR 47 million completed in February 2018.

Outlook

In line with its policy, Hamon does not provide any guidance as to its future results.

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I. INTERIM CONSOLIDATED MANAGEMENT REPORT

1. Commercial activities

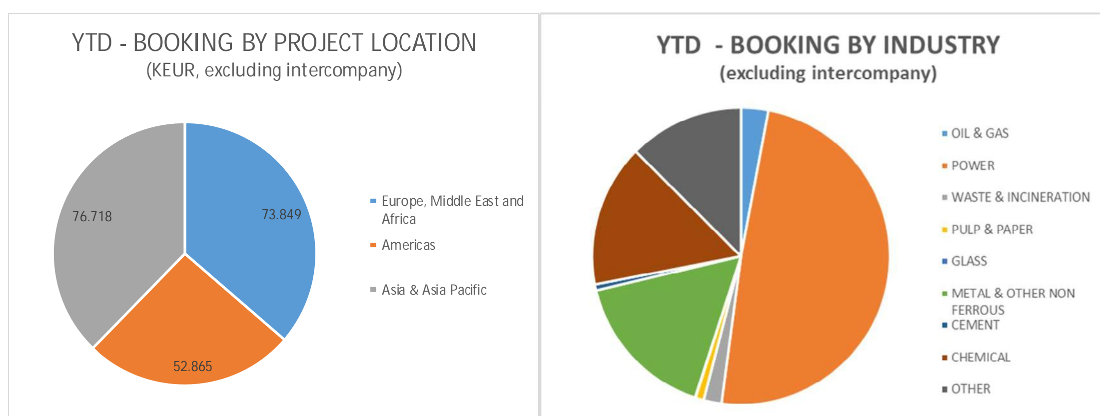
GROUP *in MEUR*	H1 2018	H1 2017
Bookings	203,4	123,3
Backlog	427,6	433,1

As at H1 2018, the Group has received bookings in the amount of EUR 203.4 million, a 65% increase compared to the previous year.
With the energy sector (Power) accounting for 49% of total bookings, it remains by far the most important sector for the Group. Nevertheless, pursuant to its diversification strategy, the Group continues to increase revenues coming from other sectors.

In terms of geographic presence, the location of projects shows a balanced distribution between the three regions: Americas, Asia and EMEA.

The backlog remains stable compared to last year and is in line with the sales targets set by the Group.

Furthermore, market projections and newly-identified opportunities should enable the bookings target set by the Group to be achieved.



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2. Consolidated income statement

in MEUR	H1 2018	H1 2017
Revenue	**167,6**	**176,9**
Earnings before interest, taxes and depreciation and amortization (REBITDA)	**(0,5)**	**(9,1)**
REBITDA/Revenue	**-0,3%**	**-5,2%**
Recurring EBIT	(3,3)	(12,5)
Non-recurring gains and losses	(2,0)	21,6
Operating profit (EBIT)	(5,3)	9,2
Net finance costs	(5,5)	(6,7)
Share of the profit (loss) of associates	(0,1)	(1,4)
Result before tax (continued operations)	**(10,9)**	**1,2**
Income tax expenses	0,4	(9,1)
Net result from continued operations	(10,5)	(8,0)
Net result of discontinued operations	(7,4)	(3,8)
Net result for the period	**(18,0)**	**(11,8)**
Share of the Group in the net result	(18,3)	(11,5)

Average number of shares	92.551.992	22.569.089
REBITDA per share	(0,01)	(0,40)
Earnings per share (EPS)	**(0,20)**	**(0,51)**

Sales are down as a result of slower than expected execution of certain contracts-in-progress and a decrease in bookings received during Q4 of last year. It is expected that this delay will be compensated in the second half of the year thanks to an acceleration in contract execution and the good level of bookings received during the first half of the year.

Thanks to good execution of contracts, there was an increase in margin compared to the previous year, during which a significant decrease had been recorded. The favorable settlement of an American contract also contributed to this improvement.

Gross overheads decreased in line with expectations.
Financial results improved thanks to the debt write-down of the syndicated credit agreed to by the banks in 2017 that was partially offset by the loan granted by SOGEPA.

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Non-recurring elements are mainly connected with restructuring costs.

In 2017, the group recorded significant capital gains on the sale of assets (mainly relating to the sale of *Thermal Transfer Corporation*) that were booked as Non-recurring gain.

Taxes booked in 2017 arise from the capital gain from the sale of *Thermal Transfer Corporation*. This year's positive result stems from temporary differences in deferred taxes.

The result from assets for sale is due to the loss incurred by the *Process Heat Exchanger* (PHE) division and the adjustment of the selling price of this division based on the negotiations currently in progress.

3. Review by Region

The financial statements presented below have been adjusted to reflect the change in organization implemented by the HAMON Group. Since the start of this year, the results are no longer presented by Business Unit but by Region. Three regions have thus been created: AMERICAS, ASIA and Europe/Middle-East/Africa (EMEA).
Furthermore, since the process of selling the PHE Business Unit is under way, its figures are not included under regions but are presented in a dedicated note ("Assets and Liabilities held for sale and discontinued operations").

1) AMERICAS

AMER *in MEUR*	**H1 2018**	**H1 2017**
Bookings	60,2	31,5
Backlog	66,4	102,5
Revenue	63,7	47,4
REBITDA	4,9	(0,4)
REBITDA/Revenue	7,7%	-0,8%
Average headcount	**201**	**219**

The "AMERICAS" region saw an excellent first half of the year with a doubling of bookings, which is an increase of EUR 29 million compared to the same period of the previous year.
Bookings were received in each market segment, with a higher level of bookings for "cooling systems" products. Project margins also largely exceeded the level for the first half of 2017, despite the difficult market conditions in North America.
The results for the "AMERICAS" region were also positive for the first half of the year with REBITDA of around EUR 4.9 million, which is EUR 5 million more than in 2017.

This improvement is the result of an increase in the volume and positive margins of Cooling Systems and Chimney products, particularly on the settlement of a contract.
The “AMERICAS” region is continuing to adapt its organization and reduce its overheads to better respond to changes in market conditions.

In the new structure, the sales teams in the different territories also market DELTAK products (Heat recovery steam generators) that were previously only marketed by sales teams in the Americas. This approach allows for better coverage of the market and will enable a higher level of recurring sales to be achieved.

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2) ASIA

ASIA *in MEUR*	H1 2018	H1 2017
Bookings	28,7	37,2
Backlog	147,1	165,6
Revenue	49,3	41,3
REBITDA	0,3	(1,6)
REBITDA/Revenue	0,6%	-3,9%
Average headcount	**361**	**512**

In a stagnant market, the situation was more difficult in Asia in terms of order-intake by local entities.

However, good performance in the high added-value "Customer Service" segment should be noted, which led to an improvement of the average margin of new bookings.

Since last year, the Group has enlarged its presence in the energy market ("Oil & Gas") where there are numerous opportunities for our products. The initial results are encouraging.

Despite a delay in contract execution compared to forecasts, there was a significant improvement in REBITDA compared to the same period in 2017.

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3) EMEA

EMEA *in MEUR*	H1 2018	H1 2017
Bookings	117,7	45,1
Backlog	222,6	151,3
Revenue	55,9	72,9
REBITDA	(4,5)	(2,3)
REBITDA/Revenue	-8,1%	-3,1%
Average headcount	**341**	**383**

New bookings received during the first half of the year totaled EUR 118 million, which is two and a half times the level of H1 2017. A contract of EUR 45 million enabled this excellent result to be achieved. It should be noted that, even without taking this major contract into account, there was a 61% increase in orders. The Group is continuing to focus on smaller contracts and activities related to “Customer Service” that generate higher margins.

REBITDA was impacted by the low level of sales over the first half of the year, well below forecasts. The main reasons for this low level of activity are a lower than expected level of bookings during the last quarter of last year, the geopolitical situation in Iran and delays in contract execution. The good level of bookings in the first half of the year as well as a catching-up effect on execution will enable a better level of activity in the second half of the current year.
The significant orders taken for the FGD technology environmental products (EUR 70 million) are enabling the full capacities of our center of excellence in Germany to be used, thereby ensuring its profitability.

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4. Events after the balance sheet date

There were no significant events after the balance sheet date.

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II. DECLARATION OF RESPONSIBILITY

We hereby certify that, to the best of our knowledge, the condensed Consolidated Interim Financial Statements prepared in accordance with the IAS 34 “Interim Financial Reporting” as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group for the first half year of 2018. The commentary on the overall performance of the Group from page 1 to 11 in our view offers a fair and balanced review of the overall performance of the business during the first half year of 2018. There have been no material changes to the risks and uncertainties for the Group as outlined in the 2017 Annual Report; these risks and uncertainties remain applicable for the financial performance of the Group for the remainder of 2018.

September, 4 2018
Bernard Goblet
CEO

III. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT

1. Condensed consolidated statement of profit and loss[1]

in EUR '000'	H1 2018	H1 2017
Revenue	167.614	176.878
Cost of sales	(142.909)	(158.451)
Gross profit	**24.705**	**18.427**
Sales & marketing costs	(6.328)	(6.121)
General & administrative costs	(22.007)	(23.949)
Research & development costs	(357)	(944)
Other operating income / (expenses)	678	117
Underlying operating profit (REBIT)	**(3.310)**	**(12.470)**
Restructuring costs	(2.668)	(1.537)
Other non-recurring items	661	23.181
Operating profit (EBIT)	**(5.317)**	**9.174**
Interest income	42	52
Interest charges	(5.549)	(6.685)
Share of the profit (loss) of associates & joint-ventures	(83)	(1.375)
Result before tax	**(10.907)**	**1.166**
Income taxes	364	(9.136)
Net result from continued operations	**(10.543)**	**(7.970)**
Net result of discontinued operations	(7.450)	(3.834)
Net result	**(17.993)**	**(11.804)**
Equity holders of the company	(18.260)	(11.543)
Non controlling interests	267	(261)

Earnings per share

Continued and discontinued operations		
Basic earnings per share (EUR)	(0,20)	(0,51)
Diluted earnings per share (EUR)	(0,20)	(0,51)
Continued operations		
Basic earnings per share (EUR)	(0,11)	(0,35)
Diluted earnings per share (EUR)	(0,11)	(0,35)
Discontinued operations		
Basic earnings per share (EUR)	(0,08)	(0,17)
Diluted earnings per share (EUR)	(0,08)	(0,17)

[1] Comparative figures as of 2017 have been restated in order to present the “Process Heat Exchanger” business unit as a discontinued activity

2. Condensed consolidated statement of comprehensive income

in EUR '000'	H1 2018	H1 2017
Net result	**(17.993)**	**(11.804)**
Other comprehensive income		
Items that may be reclassified subsequently to result	**1.318**	**(2.244)**
Others		
Change in fair value of available-for-sale assets	23	(22)
Change in fair value of hedging instruments	(0)	84
Changes in currency translation reserve	1.295	(2.306)
Items that may not be reclassified subsequently to result		
Actuarial gains/loss on defined benefit plan		
Other comprehensive income, net of taxes	**1.318**	**(2.243)**
Comprehensive income	**(16.675)**	**(14.047)**
Equity holders of the company	(16.996)	(13.335)
Non controlling interests	321	(712)

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3. Condensed consolidated statement of financial position

in EUR '000'	30/06/2018	31/12/2017
ASSETS		
Non-current assets		
Intangible assets	16.760	16.948
Goodwill	28.769	28.985
Property, plant & equipment	13.220	15.863
Investment in associates & joint-ventures	3.403	3.535
Deferred tax assets	9.420	9.090
Available-for-sale financial assets	187	189
Trade and other receivables	2.226	1.713
	73.985	76.323
Current assets		
Inventories	7.770	6.485
Amount due from customers for contract work	66.821	62.521
Trade and other receivables	158.514	149.569
Derivative financial assets	1.738	3.273
Cash and cash equivalents	47.539	50.246
Current tax assets	5.341	5.952
Disposal groups held for sale	16.429	10.996
	304.152	289.041
Total assets	**378.137**	**365.364**
in EUR '000'		
EQUITY		
Share capital	31.385	4.215
Reserves	101.270	81.100
Retained earnings	(103.451)	(83.118)
Equity attributable to the equity holders of the company	29.204	2.197
Non controlling interests	(502)	(704)
Total equity	**28.701**	**1.493**
LIABILITIES		
Non-current liabilities		
Financial liabilities	80.881	73.956
Provisions for pensions	2.789	2.851
Other non-current provisions	(0)	801
Deferred tax liabilities	3.015	3.971
Other non-current liabilities	1.771	1.622
	88.456	83.201
Current liabilities		
Financial liabilities	42.274	65.348
Amount due to customers for contract work	84.623	79.239
Trade and other payables	94.121	105.231
Current tax liabilities	3.527	8.947
Derivative financial liabilities	2.402	2.418
Other current provisions	3.605	3.491
Liabilities associated with disposal groups held for sale	30.429	15.996
	260.980	280.670
Total liabilities	**349.435**	**363.871**
Total equity and liabilities	**378.137**	**365.364**

4. Condensed consolidated statement of changes in equity

in EUR '000'	Share capital	Legal reserve	Share premium	Retained earnings	own shares	AFS reserve	Share-based payments	Hedging reserve	defined benefit pension plans	Currency translation reserves	**Equity - Attribuable to equity holders of the parent**	Non controlling Interests	**Total equity**
Balance at 1 January 2017	**3.955**	**671**	**85.542**	**(59.410)**	**(238)**	**4**	**153**	**(132)**	**(266)**	**(1.378)**	**28.901**	**(191)**	**28.710**
Result for the period				(11.543)							(11.543)	(261)	(11.804)
Other comprehensive income					(22)			84		(2.396)	(2.334)	(451)	(2.785)
Total comprehensive income	**-**	**-**	**-**	**(11.543)**	**(22)**	**-**	**-**	**84**	**-**	**(2.396)**	**(13.877)**	**(712)**	**(14.589)**
Capital increases	121		4.736								4.857		4.857
Scope exit										(3.546)	(3.546)		(3.546)
Other movements				(39)							(39)	(71)	(110)
Balance at June 30, 2017	**4.076**	**671**	**90.278**	**(70.991)**	**(260)**	**4**	**153**	**(48)**	**(266)**	**(7.320)**	**16.296**	**(974)**	**15.322**
Balance at 1 January 2018 as published	**4.215**	**671**	**90.279**	**(83.118)**	**(284)**	**(243)**	**153**	**(38)**	**641**	**(10.079)**	**2.197**	**(704)**	**1.493**
Method-change impact (*)	**-**	**-**	**-**	**(1.569)**	**-**	**-**	**-**	**-**	**-**	**-**	**(1.569)**	**(120)**	**(1.689)**
Balance at 1 January 2018 adjusted	**4.215**	**671**	**90.279**	**(84.687)**	**(284)**	**(243)**	**153**	**(38)**	**641**	**(10.079)**	**628**	**(824)**	**(196)**
Result for the period				(18.260)							(18.260)	267	(17.993)
Other comprehensive income				-	-	23	-	(0)	-	1.240	1.263	55	1.318
Total comprehensive income	**-**	**-**	**-**	**(18.260)**	**-**	**23**	**-**	**(0)**	**-**	**1.240**	**(16.996)**	**321**	**(16.675)**
Capital increases (**)	27.170		18.906								46.077		46.077
Acquisition of non-controlling interests				(513)							(513)		(513)
Other movements				8							8		8
Balance at June 30 2018	**31.385**	**671**	**109.186**	**(103.452)**	**(284)**	**(220)**	**153**	**(38)**	**641**	**(8.839)**	**29.203**	**(502)**	**28.701**

(*) See note 2 « Principal accounting method »

(**) In February 2018, the group proceeded to a capital increase of EUR 47 million (generating the issuance of 94,532,094 new shares) of which EUR 46 million included in the change of equity after deduction of the costs related to this transaction.

5. Condensed consolidated cash flow statement

in EUR '000'	H1 2018	H1 2017
Cash flows from operating activities		
Cash received from customers	259.227	241.770
Cash paid to suppliers and employees	(276.239)	(291.687)
Cash generated from operations before taxes	**(17.012)**	**(49.917)**
Other financial expenses	(1.242)	(4.121)
Income taxes	(5.547)	(1.404)
Other cash received / (paid)	76	(186)
Net cash from operating activities before restructuring	**(23.725)**	**(55.628)**
Restructuring costs	(4.087)	(1.137)
Net cash from operations	**(27.812)**	**(56.765)**
Cash flows from investing activities		
Dividends received	-	14
Proceeds on disposal of PP&E	2.058	793
Proceeds from sale of subsidaries net of cash transfered	(352)	36.185
Acquisition of PP&E	(391)	(1.002)
Purchase of other intangible assets	(920)	(469)
Capitalized development costs	(106)	(213)
Net cash from investing activities	**289**	**35.308**
Cash flows from financing activities		
Capital Increase	46.077	4.858
Interest received	47	51
Interest paid	(4.615)	(5.605)
Proceeds from new bank borrowings	-	29.583
Repayment of borrowings	(17.643)	(1.151)
Net cash from financing activities	**23.866**	**27.736**
Other cash flow movements		
Other variations from discontinued operations	1.157	-
Scope change	(513)	0
Other net cash flows	**644**	**0**
Net variation of cash and cash equivalents	**(3.013)**	**6.279**
Cash and cash equivalents at beginning of period	50.246	46.898
Impact of translation differences	303	(1.991)
Cash and cash equivalents at end of period	47.539	51.185
Net variation of cash and cash equivalents	(3.010)	6.279

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6. Notes to the condensed consolidated interim financial statements

1) Declaration of compliance

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standard (IFRS) as adopted by the European Union and IAS 34- Interim Financial Reporting.
The condensed consolidated interim financial statements do not include all the information required in the yearly consolidated financial statements publication and must therefore be read together with the 2017 consolidated financial statements published in the 2017 Annual Report.
The publication of these condensed consolidated interim financial statements was approved by the Board of Directors on 4 September 2018.

2) Principal accounting policies

The accounting policies used for the preparation of the condensed consolidated interim financial statements are consistent with those used in the 2017 consolidated financial statements.

Standards and interpretations applicable in 2018

IFRS 15 establishes a five-step model for recognizing revenue from customer contracts. Under IFRS 15, revenue is recognized for the amount of consideration an entity expects to be entitled to in exchange for goods or services transferred to a customer. The new standard on revenue replaces all current revenue recognition dispositions under IFRS. A retrospective application is required for accounting years beginning on or after 1 January 2018.

The analysis conducted internally shows that only non-incremental costs (or more commonly known as "tender costs") must be treated differently. From the 2018 financial year, these are no longer activated in "work in progress" and therefore remain in the profit and loss.
To take this change into account, it was decided, in accordance with the IFRS 15, to consider this impact via the reserves in the opening of the exercise. The total impact amounts to EUR 1.7 million.

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement as from 1 January 2018. IFRS 9 consolidates the three aspects of the project regarding recognition of financial instruments: classification and measurement, impairment and hedge accounting.

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For hedge accounting purposes, and as allowed by IFRS, Hamon decided not to adopt IFRS 9 for hedge accounting to keep applying IAS 39. As a result, no impact was recognized at the end of June 2018.
For classification, measurement and impairment, the application of IFRS 9 does not have a significant impact on the Group's consolidated statement of financial position or equity. The following items were assessed during the Group's analysis of IFRS 9 impact:

- Classification and measurement of debt instruments: Loans as well as trade receivables are held to collect contractual cash flows and give rise to cash flows representing "Solely Payments of Principal and Interest (SSPI)" as defined by IFRS 9. Thus, the Group will continue to measure those financial assets at amortized costs under IFRS 9.
- Classification and measurement of equity instruments: the Group reviewed all its investments in equity instruments, being equity shares in non-listed, unconsolidated companies, to determine the appropriate measurement method (either fair value through profit & loss or through other comprehensive income). The Group mainly applied the option to present fair value changes in OCI.
- Impairment of financial assets: IFRS 9 requires the Group to recognize expected credit losses on all its financial assets, including its trade receivables. An analysis of clients' and debtors' portfolio, including net amounts to be received on contracts, was performed. The Group applies the simplified approach and recognizes lifetime expected losses on all trade receivables. The analysis of historical information on defaults shows that the impact thereof is non-material. Credit risk linked to net amounts to be received on contracts was measured using IFRS 9 full specifications. No significant increase of credit risk was identified. As a result, no additional impairment was recognized in other comprehensive income at opening. In order to measure the impact of expected credit losses on financial assets, actual credit losses will be reviewed annually and the impairment rates used by the Group could be adjusted if needed.

3) Going-concern justification

The financial statements have been prepared on a going-concern basis. Taking into account the Group's financial restructuring in December 2017, its business plan, the transformation plan and the activity for the first half of 2018, the Board of Directors considers that it is still appropriate to maintain the going-concern assumption in the preparation of financial statements.

Indeed, the Group achieved a level of bookings during the first half of 2018 as expected in its plan , and the Group's cash flow is in line with the expectations of the same plan. At this stage, there is no evidence that the Group will not be able to meet the covenants set out in the syndicated loan.

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Hamon's going-concern also depends on the Group's ability to ensure its long-term financing. The Board of Directors believes that the application of the going-concern assumption is appropriate for the following reasons:

In December 2017, Hamon undertook a major financial restructuring in which the Senior Credit was reduced by EUR 86.9 million and a capital increase was decided. In February 2018, the capital increase more than met the Group's expectations as subscriptions amounted to EUR 47.3 million for a minimum expected amount of EUR 38.7 million in the business plan, hence there was an additional cash injection of EUR 8.6 million.

Taking into account the other provisions of the agreement with the banking syndicate, the fresh money intake for Hamon amounts to EUR 42.1 million. The 12-month cash flow projections indicate that this intake makes it possible to finance the Group's restructuring plan while maintaining a level of cash that is sufficient to finance the activities. These projections also indicate that the reduction in working capital could reduce the net debt at the end of 2018.

The Credit Senior's covenants, calculated on 12 rolling months, were set on the basis of a minimum amount of (i) sales of EUR 280 million and (ii) an REBITDA (before non-recurring items) of respectively EUR 7, 10,5 and 14 million as of 31 December 2018, 30 June 2019 and 31 December 2019. The first covenant test is scheduled for 31 December 2018.

The agreement provides the possibility for Hamon to remedy a possible breach of the covenant by means of a capital increase or a convertible loan. The Group may also request a waiver from the banking syndicate.
As part of the financial restructuring as summarized above, the business plan of Hamon approved at the Board meeting of 14 October 2017 was accepted by the banking syndicate.

The business plan is based in particular on (i) a turnover (and therefore bookings) of approximately EUR 400 million for the activities kept in the portfolio and (i) an organization resized at this level of annual turnover. This business plan indicates that, at this level of bookings and turnover, Hamon should return to a positive REBITDA from 2018 and a positive net result in 2019.

The REBITDA level for the 2018 business plan year also makes it possible to meet the covenant as of 31 December 2018.

The Group's transformation plan is in line with expectations. The total expected effects of the plans launched in 2016 and 2017 will amount to EUR 24 million in 2019. In addition to the measures initiated at the end of 2016 (savings of EUR 9 million expected in 2017), a series of actions has been decided: they will gradually reduce the structural costs. The savings expected from this additional plan will increase from EUR 4 million in 2017 to EUR 14 million in 2018 and EUR 15 million in 2019.

As a reminder, the transformation plan included the sales of TTC, AIT and Jacir that were finalized in 2017. The disposal of activities of the subsidiaries in Brazil and South Africa were finalized in 2018.

The process of selling the Heat Exchangers BU is underway, with a planned closing during the third quarter of 2018. Given the classification of the Heat Exchangers BU in discontinued operations, the 2018 REBITDA (main covenant) will not be affected by either the negative results of this BU until its disposal or the disposal result based on the offered selling price.

The Group is also pursuing its efforts to develop synergies resulting from its new regional organization and the optimization of its supply chain process. The aim is to achieve an additional cost reduction of EUR 10 million with full effect by the end of 2020 at the latest.

The Board of Directors is aware that the 2018 result is very sensitive in terms of level of bookings and the improvement of the margin rate and that there is a real risk that the objectives included in the business plan for 2018 for these two key indicators are not achieved, which would have a significant impact on turnover, REBITDA and therefore compliance with covenants. The Board is confident, however, that the announcement of the successful financial restructuring will have a favorable impact on 2018 level of bookings, which will partially contribute to 2018 sales and fully in 2019. Furthermore, the Board considers that the commercial efforts to develop the Customer Service should quickly show their effects, including an improvement in the margin rate.

The Board of Directors is also aware of the maturity of the Senior Credit and the bond loan in January 2020. In the event of carrying out the business plan, the Board of Directors is confident in the Group's ability to replace these two sources of financing if necessary or to extend their maturity.

As a result of all these elements, the Management and the Board of Directors of Hamon are confident in the realization of the business plan that should allow Hamon to return to a positive REBITDA by 2018 and regain profitability by 2019. In addition, the Group's ability to cover its cash requirements is supported by the results of the capital increase of February 2018.

4) Information by segment

The transformation and cost-saving plan launched in 2017 has impacted significantly the internal organization of the Group and the way segment performance is followed and assessed.
Since the beginning of the year Hamon presents these figures by Region and no longer by Business Unit such as explained in the Annual Report of 2017. The main operating decision-maker of the Regions is the Executive Committee.

This new organization was set up to benefit from an integrated commercial activity promoting cross-selling between different product types.

The results of a segment, its assets and liabilities include all elements directly attributable to it and the revenues, expenses, assets and liabilities that may reasonably be attributed to it. The profit of a segment is determined before financial expenses but takes into account the allocation of the central administrative costs and the salaries of the directors, the result of the associated companies and the investment income, to the extent that they are attributable to a segment.
This measure is regularly presented to the main operating decision maker regarding resource allocation and performance evaluation.

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In accordance with IFRS 8, comparative figures have been restated and are also displayed by Region.

Income statement

in EUR '000'	AMERICAS	ASIA	EMEA	OTHERS	Non allocated	Elim.	Total
For the period ended 30 June 2017							
Revenue third party	47.254	38.556	70.316	20.752		-	176.878
Inter-region revenue	128	2.760	2.632			(5.520)	-
Total revenue	47.382	41.316	72.948	20.752	-	(5.520)	176.878
Operating profit before non-recurring items (REBIT)	(1.046)	(2.257)	(3.303)	(4.205)	(1.660)		(12.470)
Non-recurring items	22.843	(250)	122	(1.071)			21.644
Operating profit (EBIT)	21.797	(2.507)	(3.181)	(5.276)	(1.660)		9.174
REBITDA	**(423)**	**(1.583)**	**(2.260)**	**(3.198)**	**(1.660)**		**(9.124)**
Interest income					52		52
Interest charges					(6.685)		(6.685)
Share of the profit/(loss) of associates					(1.375)		(1.375)
Result before tax							**1.166**
Income taxes					(9.136)		(9.136)
Net result from continued operations							**(7.970)**

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in EUR '000'	AMERICAS	ASIA	EMEA	OTHERS	Non allocated	Elim.	Total
For the period ended 30 June 2018							
Revenue third party	63.686	48.125	53.446	2.357			167.614
Inter-region revenue	-	1.144	2.436			(3.580)	-
Total revenue	63.686	49.269	55.882	2.357	-	(3.580)	167.614
Operating profit before non-recurring items (REBIT)	4.371	(208)	(5.425)	(1.884)	(163)		(3.310)
Non-recurring items	(65)	108	(11)	(2.039)			(2.007)
Operating profit (EBIT)	4.306	(101)	(5.436)	(3.923)	(163)		(5.317)
REBITDA	**4.922**	**295**	**(4.456)**	**(1.075)**	**(152)**		**(466)**
Interest income					42		42
Interest charges					(5.549)		(5.549)
Share of the profit/(loss) of associates					(83)		(83)
Result before tax							**(10.907)**
Income taxes					364		364
Net result from continued operations							**(10.543)**

The "OTHERS" column mainly includes subsidiaries in South Africa and Brazil as well as Hamon & Cie.

The sales can be displayed by product categories in the following manner:

MEUR	2018.06	2017.06
Cooling systems	100,0	96,0
Air Quality Systems	32,9	49,9
Energy recovery	*19,1*	*18,9*
Chimney	15,0	6,4
Others	0,5	5,6
Hamon Group	167,6	176,9

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5) Operating costs

in EUR '000'	H1 2018	H1 2017
Gross remuneration	*31.450*	*39.388*
Other personnel costs	*1.309*	*1.412*
Charges/costs of the personnel	*32.758*	40.800
Depreciation & amortization	*2.844*	3.346
Other operating expenses	15.994	17.578
Total gross operating expenses	**51.596**	**61.725**
Costs allocation	(22.904)	(30.711)
Total net operating expenses	**28.692**	**31.013**
Sale & marketing costs	6.328	6.121
General & administrative costs	22.007	23.949
Research & development costs	357	944
Total net operating expenses	**28.692**	**31.013**
Average Headcount	**973**	**1.308**

The "allocated costs" are decreasing as a result of the restructuring measures effect as well as following the application of IFRS 15 no longer allowing the allocation of non-incremental tender costs on contracts awarded to the Group.
The decrease in other operating expenses is due to the implementation of the cost reduction program within the Group.

6) Other operating income (expenses)

Other operating income (expenses) remained stable compared to the first half of 2017.

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7) Non-recurring income (expenses)

in EUR '000'	H1 2018	H1 2017
Restructuring costs	**(2.668)**	**(1.537)**
Impact of Changes in consolidation scope	**-**	**-**
Impairment / reversal of impairment on non-current assets	**-**	**-**
Gain/(loss) on disposal of AFS	218	23.460
Other	443	(279)
Other non-recurring items	**661**	**23.181**
Total	**(2.007)**	**21.644**

Restructuring costs are related to the headcount reductions.
The gain of EUR 23.5 million on disposal of available-for-sale financial assets in 2017 was mainly related to the sale of Thermal Transfer Corporation (EUR 22.4 million).

8) Net finance costs

in EUR '000'	S1 2018	S1 2017
Interest charges	(3.116)	(4.281)
Amortized cost treatment	(918)	(460)
Other borrowing costs	(1.515)	(1.944)
Finance costs	**(5.549)**	**(6.685)**
Interest income	42	52
Interest income	**42**	**52**
Total	**(5.508)**	**(6.633)**

Interest expense on the Group's debt decreased compared to the first half of 2017 due to the decrease in the Group's net debt following the EUR 87 million debt write-off signed in December 2017, and the Capital increase realized in February 2018.

This caption also includes factoring operations with recourse.

The "Amortized cost method" item includes costs related to the refinancing operations of the Group's syndicated loan. This amount increased compared to the first half of 2017 as a result of the costs incurred during the debt waiver signed in December 2017.

The change in "other borrowing costs" in the first half of 2018 is mainly due to a better control of foreign exchange risk on foreign currency loans between Group companies over the period. As part of the Group's overall risk management policy, the economic risk related to these transactions has been hedged, the notional amount of which is regularly reviewed.

9) Goodwill

Goodwill impairment tests are performed every year. These tests compare the book value of each Cash Generating Units (CGU) with their market value using 3-year cash flow projections.
Since 31 December 2017, these CGUs are defined at each region's level.

At the end of 2017, the Group performed an impairment test that led to a write-down of EUR 10 million on the EMEA region.

The recoverable amount of the CGU as of 31 December 2017 is determined based on a value-in-use calculation using three-year cash flow projections (based on REBITDA of the business plan) with 0% growth rate after the projection period and a WACC of 11%.

At the end of June 2018, besides for exchange rate differences, no goodwill write-off was recognized.

Analysis of impairment indicators and impairment test by Region

- CGU AMERICAS

CGU Americas shows a favorable orders intake and posted a result at the end of June 2018 that was above its annual budget. These elements lead to the conclusion that no adjustment is needed for the period.

- CGU ASIA

At the end of June 2018, both results and order book were below expectations as stated in the Business Plan. However, sensitivity analysis run on impairment tests performed in 2017 showed that these elements did not have a significant impact as the carrying amount of Asia CGU was low.

- CGU EMEA

A new impairment test was performed at the end of June 2018 as EMEA results were below budget. Therefore the model was updated to take into account the expected REBITDA for the second half of 2018.
The level of bookings at the end of June 2018, as well as the backlog, demonstrate the positive trend underlying the level of expected activity. As a result, cash flow projections used in the 2017 Business Plan were kept unchanged.
Hence impairment test results indicate that no further downward adjustment is required.

10) Construction contracts

in EUR '000'	30/06/18	31/12/17
Amount due from customers for contract work	66.821	62.521
Amount due to customers for contract work	(84.623)	(79.239)
Total	**(17.801)**	**(16.718)**

Contracts in progress, i.e. those for which the guarantee period has not yet started, are recognized on the balance sheet. The variation of both costs incurred and advances billed to customers is thus linked to the timing of acceptance of orders by our customers rather than the growth of our activities.

11) Trade and other receivables

in EUR '000'	30/06/18	31/12/17
Trade receivables	120.652	121.428
Impairment of doubtful receivables	(11.132)	(12.208)
Trade receivables - net	**109.520**	**109.220**
Retentions	3.430	4.742
Prepayments	26.351	17.759
Cash deposits and guarantees paid	900	1.068
Receivables on related parties	7.495	4.380
Other receivables	13.044	14.113
Total	**160.740**	**151.282**
Non-current Trade and other receivables		
Receivables on related parties	1.154	430
Cash deposits and guarantees paid	859	1.012
Other non-current receivables	213	271
Less: non-current receivables	**(2.226)**	**(1.713)**
Trade and other receivables - current	**158.514**	**149.569**

On 31 December 2017, the amount of receivables assigned without recourse to financial organizations - and that are deducted from the section ‘Trade receivables’ - is EUR 5,9 million.
This year, following to the renegotiation of a new contract and except for a specific factoring program in France, receivables sold to the factor with partial recourse are accounted for under ‘Trade receivables’ and a financial debt towards the factor is recognized accordingly. It amounts to EUR 8 million at the end of June 2018.

Management analyses in detail the risks associated with these ageing balances to assess whether an impairment is required.

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12) Financial liabilities

in EUR '000'	30/06/18	31/12/17
Bank borrowings	56.476	49.225
Bank overdrafts	198	3.797
Sub-total bank borrowings	**56.674**	**53.022**
Obligations under finance lease	2.226	2.533
Treasury notes	0	19.994
Other financial commitments	64.255	63.755
Sub-total other borrowings	**66.481**	**86.282**
Total	**123.155**	**139.304**
Of which:		
Current (due for settlement within the year)	**42.274**	**65.347**
Amount due for settlement in the 2nd year	79.358	430
Amount due for settlement in the 3rd year	386	72.532
Amount due for settlement in the 4th year	418	221
Amount due for settlement in the 5th year and after	720	773
Sub-total non-current:	**80.881**	**73.957**
Total	**123.155**	**139.304**
Of which:		
Borrowings due for settlement within the year in		
EUR	17.452	37.985
USD	1	6.795
Others	24.821	20.568
Non-current borrowings in		
EUR	80.741	73.913
USD	0	0
Others	140	43
Total	**123.155**	**139.304**

As of 30 June 2018, the Group borrowing (EUR 123,2 million) is mainly composed of the senior bonds issued on 30 January 2014 due in 2020 with a fixed rate of 5.50% (EUR 55 million); revolver credits on the Senior Facilities Agreement renewed in 2017 and maturing on 30 January 2020 (for EUR 26,9 million) and the factoring program with partial recourse set up in 2017 (EUR 7,9 million). Commercial papers outstanding at the end of 2017 have been reimbursed during the first half of 2018.

The following covenants apply to the Senior Facilities Agreement:

- Group consolidated REBITDA (excluding PHE, South Africa and Brazil) will not be below:
  - EUR 7 million for the 12-month period before 31 December 2018;
  - EUR 10,5 million for the 12-month period before 30 June 2019;
  - EUR 14 million for the 12-month period before 31 December 2019.

- Group revenues will not be below EUR 280 million for the 12-month period before 31 December 2018, 30 June 2019 and 31 December 2019; and:
- Group total capital expenditure will not exceed (i) EUR 20 million per accounting year and (ii) EUR 45 million for the period starting on 28 December 2016 till the reimbursement date of the Facilities as per the Senior Facility Agreement, i.e. on 30 January 2020.

13) Financial instruments

Below is a comparison of the carrying amount and fair value of the financial assets and liabilities as of 30 June 2018 and the hierarchy of fair values.

	30/06/2018		31/12/17	
In EUR '000'	**Book value**	**Fair value**	**Book value**	**Fair value**
Financial Assets				
Cash and cash equivalents	47.511	47.511	50.246	50.246
Available-for-sale financial assets	187	187	189	189
Loans and receivables	166.131	166.131	141.825	141.825
Derivative financial assets	1.593	1.593	3.273	3.273
	215.421	**215.421**	**195.533**	**195.533**
Financial Liabilities				
Borrowings at amortized cost	68.091	68.091	84.304	84.304
Senior bonds	55.000	35.475	55.000	26.675
Other payables	79.330	79.330	86.784	86.784
Derivative financial liabilities	2.398	2.398	2.418	2.418
	204.818	**185.293**	**228.506**	**200.181**

Financial assets are mostly current and their fair value does not differ from their book value. Their book value already takes into account possible impairments when their recoverability is not certain.
A part of the financial liabilities was evaluated at amortized cost, which is net of transaction costs. Borrowings mainly include bank debt at the end of the year for which the fair value is equal to its book value.
Senior 5.50% pari passu bonds (at fixed rate) are quoted on the Euronext Brussels under the ISIN BE0002210764 and symbol HAM20. Consequently, their market fair value differs from their book value. Fair value is classified as level 1 in the fair value hierarchy. The mid-rate as of 30 June 2018 is at 64.50 (48.50 as of 31 December 2017) on the Thomson Reuters Eikon platform.
“Other payables” are mainly trade payables for which the fair value does not differ from the book value due to their short-term nature.

The fair value of the derivative financial assets and liabilities is classified as level 2 in the fair value hierarchy.
During the first semester, there was no transfer between the hierarchy levels of fair value. Hierarchy levels are reviewed by the group at each closing.

14) Commitments

As part of its business, the Group is often required to issue guarantees in favor of customers for the reimbursement of advance payments, the correct execution of contracts or obligations of technical guarantees.
Some of these commitments require bank guarantees, insurance bonds or documentary credits / import standby letters of credit issued on the Group credit lines:

in EUR '000'	30/06/18	31/12/17
Documentary credit / SBLC import	3.524	4.192
Bank guarantees	178.486	227.683
Insurance bonds	26.249	25.041
Total	**208.258**	**256.917**

The volume of bank guarantees issued is closely linked to the Group activity.
The line available for letters of credit and bank guarantees are located under the Senior Facilities Agreement and amounts to EUR 241.2 million versus EUR 260.1 million at 2017 year end. The line was reduced to an amount corresponding to the one available on the share of certain banks of the syndicated credit facility, in accordance with the agreement with the syndicated credit facility of 29 December 2017. Furthermore, it will be gradually reduced to EUR 211 million as and when the bank guarantees that existed before the amendment of 29 December 2017 (that is EUR 235.0 million) will come to maturity. This reduction will take more than two years, and a mechanism is planned to allow the Group to have sufficient reserves to ensure the smooth continuity of its operations. As of 30 June 2018, the Group had EUR 59.2 million for issuing new guarantees under this mechanism.
Moreover, the Group also has at its disposal a "U.S. bonding" line of USD 100 million which was used for EUR 26.2 million this year versus EUR 25 million at the end of 2017.
The Group has also endorsed commitments relating to associated companies (OHL and BFT) as follows:

in EUR '000'	30/06/18	31/12/17
Commitment of good project execution	-	182
Bank guarantees	48	48
Total	**48**	**229**

The commitments for which payment is likely are recorded as liabilities.

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15) Information on financial risks management

The policies and the risk management procedures defined by the Group are the same as those described in the 2017 annual report.

16) Related parties

Transactions with related parties mostly include commercial relations with shareholders or entities linked to shareholders of Hamon. The transactions between related parties are executed at arm's length.
With the exception of the participation of the controlling shareholder in the refinancing of the Senior Facility, as explained in the Annual Report 2017, there was no significant variation in the nature of transactions with related parties during the first semester of 2018 compared to 31 December 2017.

17) Assets and liabilities held for sale and discontinued operations

During 2017, as part of the Group's transformation plan, a series of measures were taken to restructure the Group. These actions include the sale of the Process Heat Exchanger ("PHE") business unit, which includes 100% of the shares of Hamon D'Hondt SA (France) and its subsidiaries Hamon D'Hondt Korea Co Ltd (South Korea - 100%), Hamon ETP LLC (Russia - 51%) and Hamon D'Hondt Middle East Company Ltd (Saudi Arabia – 40%).

As of 31 December 2017, the PHE business unit was classified as a group held for sale and discontinued operations. Sales negotiations are in progress. The result from discontinued operations comes from the loss incurred by the division and the revaluation of the assets and liabilities at fair value less selling costs. The fair value less cost of sales was estimated using an evaluation technique and classified as level 3 of the fair value hierarchy. As such, the PHE business unit is no longer presented in the segment note. The results of this activity for 2018 and 2017 are presented below.

Statement of profit and loss of discontinued operations, in EUR '000':	30/06/2018	30/06/2017
Sales	7.107	32.584
Cost of sales	(6.087)	(32.791)
Gross profit	1.020	(207)
Operating and non-recurring income / expenses	(3.841)	(3.704)
Finance costs	(1)	(24)
Impairment loss on fair value adjustment	(4.896)	-
Profit before tax of discontinued operations	(7.719)	(3.935)
Income taxes	269	101
Profit after tax of discontinued operations	(7.450)	(3.834)

The main categories of assets and liabilities of the business unit classified as held for sale as of 30 June 2018 are as follows:

Statement of financial position of discontinued operations, in EUR '000':	30/06/2018	31/12/2017	Variation
Non-current assets	420	363	57
Receivables	26.470	23.927	2.543
Cash and cash equivalents	970	2.127	(1.157)
Investments in associates and joint-ventures	(4.540)	(4.426)	(114)
Fair value adjustment	(6.891)	(10.995)	4.104
Assets held for sales	16.429	10.996	5.433
Payables	15.028	8.921	6.107
Financial liabilities	1.400	2.075	(675)
Liabilities associated with discontinued business	14.000	5.000	9.000
Liabilities associated with assets held for sale	30.428	15.996	14.432

IV. ALTERNATIVE PERFORMANCE INDICATORS

Non recurring items

kEUR	30.06.18	30.06.17
Restructuring costs	(2.668)	(1.537)
Other non recurring items	661	23.181
Non recurring items	(2.007)	21.644

EBITDA

kEUR	30.06.18	30.06.17
EBIT	(3.310)	(12.470)
Depreciation	2.844	3.346
EBITDA	(466)	(9.124)

Recurring EBIT

kEUR	30.06.18	30.06.17
EBIT	(3.310)	(12.470)
Non recurring items	(2.007)	21.644
Recurring EBIT	(5.317)	9.174

Net finance costs

kEUR	30.06.18	30.06.17
Interest expenses	(5.549)	(6.685)
Interest income	42	52
Net finance costs	(5.508)	(6.633)

Working Capital

kEUR	30.06.18	31.12.17
Current assets	304.152	289.042
Cash & cash equivalents	(47.539)	(50.246)
Current liabilities	(260.980)	(280.670)
Financial liabilities	42.274	65.348
Working Capital	37.907	23.473

Other non current assets

kEUR	30.06.18	31.12.17
Non current assets	73.985	76.323
Deferred tax assets	9.420	9.090
Other non current assets	64.565	67.233

Other current assets

kEUR	30.06.18	31.12.17
Derivative financial assets	1.738	3.273
Current tax assets	5.341	5.952
Available for sale financial assets	16.429	10.996
Other current assets	23.508	20.221

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Name	Definition	Purpose
New order bookings	New projects for which a contract or a letter of award has been signed between Hamon and the clients during a given period of time.	Give information on commercial activity during a given period of time.
Backlog	At a given date, remaining value of still active contracts with clients, corresponding to the difference between the total contract value and the revenue already recognized in P&L on these contracts.	Give information on (remaining part of) new orders that the Company still has to execute in the future.
Non-recurring gains and losses *Comment: a study of the implementation of ESMA guidelines could involve some changes to the presentation of this indicator in the future Hamon Group disclosures.*	Costs or revenue related to operating activities of the company, but with an exceptional and non-recurring aspect, such as restructuring costs, write-off on non-trade related account receivables, etc.	Separate costs and revenue which are not part of the recurrent operational activity, hence allowing to analyze the performance of an activity without distorting this with these costs and revenue. This also allows to show and to explain these elements without mixing them up with various extraordinary costs and revenue. This also allows to calculate EBITDA as agreed in our financing agreements.
EBITDA	Earning Before Interest Taxes Depreciation and Amortization, i.e. operating profit excluding depreciation, amortization and non-recurring items.	This indicator shows the result generated by an activity independently from its financing (interest charges), its investments (depreciation & amortization), its tax burden and its non-recurring items.
Recurring EBIT	Operating profit before the non-recurring items.	This indicator shows an operating profit excluding the non-recurring items, allowing thus to analyze the performance of an activity without distorting it with these costs and revenue. It comes as a complement to EBITDA, including Depreciation & Amortization, including thus some investment elements.
Net finance costs	Sum of interest income and interest charges.	This indicator allows comparing the net interest charges to the net debt.
Working Capital	Sum of current assets (excluding Cash & cash equivalents) minus the sum of current liabilities (excluding financial liabilities).	This indicator shows the amount that a company must finance in order to cover the gap resulting from timing differences between cash outflows (expenses) and cash inflows (revenue) related to its activity.
Other non-current assets	Non-current assets minus non-current deferred tax assets.	This allows to single out Deferred taxes from other non-current assets. Deferred tax assets are an important item in our balance sheet and subject to fluctuations.
Other current assets	Sum of current derivative financial assets, current tax assets and available-for-sale financial assets.	Simplify the balance sheet presentation.

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V. AUDITOR'S REPORT

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Report of the statutory auditor of Hamon & Cie (International) SA on the review of the interim condensed consolidated financial statements as of June 30, 2018 and for the 6 month period then ended

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Hamon & Cie (International) SA (the "Company"), and its subsidiaries (collectively referred to as "the Group") as at June 30, 2018 and the related interim condensed consolidated statements of income, comprehensive income changes in equity and cash flows for the 6 month period then ended, and explanatory notes, collectively, the "Interim Condensed Consolidated Financial Statements". These statements show a consolidated statement of financial position total of € 378.137 (000) and a consolidated loss for the 6 month period then ended of € 17.993 (000). Management is responsible for the preparation and presentation of these Interim Condensed Consolidated Financial Statements in accordance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting* ("IAS 34") as adopted for use in the European Union. Our responsibility is to express a conclusion on these Interim Condensed Consolidated Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" applicable to review engagements. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Condensed Consolidated Financial Statements do not give a true and fair view of the financial position of the entity as at June 30, 2018, and of its financial performance and its cash flows for the 6 month period in accordance with IAS 34.

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Emphasis of matter

We modified our audit report, dated March 23, 2018, on the consolidated financial statement of the Group for the year ending December 31, 2017 by adding an emphasis of matter paragraph in accordance with ISA 570, related to going concern. For the purpose of our 30 June 2018 review opinion, we draw the attention to Note 6.3 to the Interim Condensed Consolidated Financial Statements where Management update its justification on the Company's ability to continue as a going concern. Our previously issued emphasis of matter paragraph remains applicable. Our conclusion is not modified in respect of this matter.

Diegem, 5 September 2018

Ernst & Young Réviseurs d'Entreprises SCCRL
Statutory auditor
represented by

Vincent Etienne
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Financial calendar:

Trading update Q3 2018	31/10/2018
Press release half year results 2018	1/03/2019

Hamon profile:

The Hamon Group (www.hamon.com) is a world player in engineering & contracting (design, installation and project management). Its activities include the design, the manufacturing of critical components, the installation and the after-sale services of cooling systems, air pollution control (APC) systems, heat recovery steam generators and chimneys, used in power generation, oil & gas and other heavy industries like metallurgy, glass, chemicals. Hamon is listed on Euronext Brussels (symbol: HAMO).

Forward looking statements

This presentation contains forward-looking information that involves risks and uncertainties, including statements about Hamon's plans, objectives, expectations and intentions. Readers are cautioned that forward-looking statements include known and unknown risks and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Hamon. Should one or more of these risks, uncertainties or contingencies materialize, or should any underlying assumptions prove incorrect, actual results could vary materially from those anticipated, expected, estimated or projected. As a result, neither Hamon nor any other person assumes any responsibility for the accuracy of these forward-looking statements.